

## **PUBLIC AND INDIAN HOUSING**

### ***Federal Funds***

#### **General and special funds:**

#### **HOUSING CERTIFICATE FUND**

##### **(INCLUDING TRANSFER AND RESCISSION OF FUNDS)**

For activities and assistance under the United States Housing Act of 1937, as amended (42 U.S.C. 1437 et seq.) (“the Act” herein), not otherwise provided for, [\$19,371,481,762] *\$18,465,800,000*, and amounts that are recaptured in this account, to remain available until expended: *Provided*, That of the amounts made available under this heading, [\$15,171,481,762] *\$14,265,800,000* and the aforementioned recaptures shall be available on October 1, [2003] *2004* and \$4,200,000,000 shall be available on October 1, [2004] *2005*: *Provided further*, That amounts made available under this heading are provided as follows:

(1) [\$17,635,130,745] *\$16,920,000,000* for expiring or terminating section 8 project-based subsidy contracts (including section 8 moderate rehabilitation contracts), for amendments to section 8 project based subsidy contracts, for contracts entered into pursuant to section 441 of the McKinney-Vento Homeless Assistance Act, for the renewal of section 8 contracts for units in projects that are subject to approved plans of action under the Emergency Low Income Housing Preservation Act of 1987 or the Low-Income Housing Preservation and Resident Homeownership Act of 1990, and for renewals of expiring section 8 tenant-based annual contributions contracts (including amendments and renewals of enhanced vouchers under any provision of law authorizing such assistance under section 8(t) of the Act (42 U.S.C. 1437f(t))): *Provided*, That notwithstanding any other provision of law, the Secretary shall renew expiring section 8 tenant-based annual contributions contracts for each public housing agency, (including for agencies participating in the Moving to Work demonstration, unit months representing section 8 tenant-based assistance funds committed by the public housing agency for specific purposes, other than reserves, that are authorized pursuant to any agreement and conditions entered into under such demonstration, and utilized in compliance with any applicable program obligation deadlines) based on [the total number of unit months which were under lease as reported on the

most recent end-of-year financial statement submitted by the public housing agency to the Department, or as adjusted by such additional information submitted by the public housing agency to the Secretary as of August 1, 2003 (subject to verification), and by applying an inflation factor based on local or regional factors to the actual per unit cost: *Provided further*, That none of the funds made available in this paragraph may be used to support a total number of unit months under lease which exceeds a public housing agency's authorized level of units under contract] *a set dollar amount for housing assistance payments determined in fiscal year 2004 adjusted as warranted*;

(2) [\$136,846,017] \$100,000,000 for a central fund to be allocated by the Secretary for [amendments to section 8 tenant-based annual contributions contracts for such purposes set forth in this paragraph: *Provided*, That subject to the following proviso, the Secretary may use amounts made available in such fund, as necessary, for an increase in the total number of unit months under lease as compared to the number of unit months under lease as of August 1, 2003, provided for by the annual contributions contract] *emergencies such as natural disasters and for unforeseen and validated market changes*: [*Provided further*, That if a public housing agency, at any point in time during their fiscal year, has obligated the amounts made available to such agency pursuant to paragraph (1) under this heading for the renewal of expiring section 8 tenant based annual contributions contracts, and if such agency has expended fifty percent of the amounts available to such agency in its annual contributions contract reserve account, the Secretary may only make available amounts as are necessary from amounts available from such central fund to fund additional leased units under the preceding proviso within thirty days of a request from such agency: *Provided further*, That none of the funds made available in this paragraph may be used to support a total number of unit months under lease which exceeds a public housing agency's authorized level of units under contract:] *Provided further*, That the Secretary shall provide quarterly reports to the Committees on Appropriations of the House and the Senate on the obligation of funds provided in this paragraph in accordance with the directions specified in the report accompanying this Act;

(3) [\$206,495,000] \$163,000,000 for section 8 rental assistance for relocation and replacement of housing units that are demolished

or disposed of pursuant to the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104–134), conversion of section 23 projects to assistance under section 8, the family unification program under section 8(x) of the Act, relocation of witnesses in connection with efforts to combat crime in public and assisted housing pursuant to a request from a law enforcement or prosecution agency, enhanced vouchers under any provision of law authorizing such assistance under section 8(t) of the Act (42 U.S.C.1437f(t)), and tenant protection assistance, including replacement and relocation assistance; *and for assistance to families in units that are demolished or disposed of pursuant to section 24 of the United States Housing Act of 1937 or to other authority for the revitalization of severely distressed public housing;*

[ (4) \$48,000,000 for family self-sufficiency coordinators under section 23 of the Act;]

[ (5) (4) not to exceed [\$1,242,000,000] \$1,176,000,000 for administrative and other expenses of public housing agencies in administering the section 8 tenant-based rental assistance program,

[of which up to \$50,000,000 shall be available to the Secretary to allocate to public housing agencies that need additional funds to administer their section 8 programs: *Provided*, That not to exceed \$1,192,000,000 of the amount provided in this paragraph shall be allocated on a pro rata basis to public housing agencies based on the amount public housing agencies were eligible to receive in fiscal year 2003 without regard to the reduction required for excess administrative fee balances: *Provided further*, That, amounts under this paragraph shall be distributed according to the requirements of this paragraph and notwithstanding any other provision of law: *Provided further*, That none of the funds provided in this Act or any other Act may be used to supplement the amounts provided in this paragraph] *and for performance-based fees and incentive bonuses: Provided further*, That all such administrative fee amounts provided under this paragraph shall be only for activities related to the provision of rental assistance under section 8 [including related development activities];

[ (6) \$100,000,000] (5) \$101,900,000 for contract administrators for section 8 project-based assistance; and

[ (7) (6) not less than [\$3,010,000] \$4,904,000 shall be transferred to the Working Capital Fund for the development of and modifications to information technology systems which serve programs

or activities under “Public and Indian Housing”: *Provided*, That the Secretary may transfer up to 15 percent of funds provided under paragraphs (1), (2), [or] [(5)] (3) or (4), herein to paragraphs [(1) or (2)] (1), (2) or (3), if the Secretary determines that such action is necessary because the funding provided under one such paragraph otherwise would be depleted and as a result, the maximum utilization of section 8 tenant-based assistance with the funds appropriated for this purpose by this Act would not be feasible: *Provided further*, That prior to undertaking the transfer of funds in excess of 10 percent from any paragraph pursuant to the previous proviso, the Secretary shall notify the Chairman and Ranking Member of the Subcommittees on Veterans Affairs and Housing and Urban Development, and Independent Agencies of the Committees on Appropriations of the House of Representatives and the Senate and shall not transfer any such funds until 30 days after such notification: *Provided further*, That incremental vouchers previously made available under this heading for nonelderly disabled families shall, to the extent practicable, continue to be provided to non-elderly disabled families upon turnover: *Provided further*, That, hereafter, the Secretary shall require public housing agencies to submit accounting data for funds disbursed under this heading in this Act and prior Acts by source and purpose of such funds: *Provided further*, That [\$2,844,000,000] \$1,557,000,000 is rescinded from unobligated balances remaining from funds appropriated to the Department of Housing and Urban Development under this heading or the heading “Annual contributions for assisted housing” or any other heading for fiscal year [2003] 2004 and prior years, to be effected by the Secretary no later than September 30, [2004] 2005: *Provided further*, That any such balances governed by reallocation provisions under the statute authorizing the program for which the funds were originally appropriated shall be available for the rescission: *Provided further*, That any obligated balances of contract authority from fiscal year 1974 and prior that have been terminated shall be cancelled. (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 86–0319–0–1–604 2003 actual 2004 est. 2005 est.

Obligations by program activity:

00.01 Contract renewals .....	14,614	18,069	16,920
00.02 Contract Administrator .....	170	217	102
00.03 Rental Assistance .....	181	217	163
00.09 Section 8 Amendment .....	219	33	.....
00.11 Administrative Fees .....	713	1,235	1,176
00.12 Central Reserve .....	105	136	100

00.13 Job Plus .....	1	1	.....
00.14 Working Capital Fund .....	3	3	5
00.15 Section 8 Counseling .....	1	1	.....
00.16 Family Self Sufficiency Coordinators .....		96	.....
10.00 Total new obligations (object class 41.0) .....	16,007	20,008	18,466

**Budgetary resources available for obligation:**

21.40 Unobligated balance carried forward, start of year	1,938	3,479	184
22.00 New budget authority (gross) .....	15,938	16,413	16,909
22.10 Resources available from recoveries of prior year obligations .....	1,641	300	1,373
22.75 Balance of contract authority withdrawn .....	¥31	.....	.....
23.90 Total budgetary resources available for obligation	19,486	20,192	18,466
23.95 Total new obligations .....	¥16,007	¥20,008	¥18,466
24.40 Unobligated balance carried forward, end of year .....	3,479	184	.....

**515 Federal Funds—Continued**

**PUBLIC AND INDIAN HOUSING—Continued DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**New budget authority (gross), detail:**

**Discretionary:**

40.00 Appropriation (definite) .....	13,024	15,171	14,266
40.35 Appropriation permanently reduced .....	¥112	¥114	.....
40.36 Unobligated balance permanently reduced .....	¥1,174	¥2,844	¥1,557
43.00 Appropriation (total discretionary) .....	11,738	12,213	12,709
55.00 Advance appropriation .....	4,200	4,200	4,200

**Mandatory:**

60.00 Appropriation .....	5,500	5,000	5,000
60.49 Portion applied to liquidate contract authority .....	¥5,500	¥5,000	¥5,000
62.50 Appropriation (total mandatory) .....	.....	.....	.....
70.00 Total new budget authority (gross) .....	15,938	16,413	16,909

**Change in obligated balances:**

72.40 Obligated balance, start of year .....	37,689	31,105	28,563
73.10 Total new obligations .....	16,007	20,008	18,466
73.20 Total outlays (gross) .....	¥20,950	¥22,250	¥22,195
73.45 Recoveries of prior year obligations .....	¥1,641	¥300	¥1,373
74.40 Obligated balance, end of year .....	31,105	28,563	23,461

**Outlays (gross), detail:**

86.90 Outlays from new discretionary authority .....	8,607	10,458	10,178
86.93 Outlays from discretionary balances .....	12,343	11,792	12,017
87.00 Total outlays (gross) .....	20,950	22,250	22,195

**Net budget authority and outlays:**

89.00 Budget authority .....	15,938	16,413	16,909
90.00 Outlays .....	20,950	22,250	22,195
93.03 Obligated balance, start of year: Contract authority	21,307	15,776	10,776
93.04 Obligated balance, end of year: Contract authority	15,776	10,776	5,776

*Housing Certificate Fund.* This budget proposal would establish a new Flexible Voucher Program. This program would replace the Housing Choice Voucher Program to improve the delivery of rental and homeownership subsidies for low-income families in a fiscally responsible manner, thereby ensuring cost efficiency and effectiveness for long-term sustainability of the tenant-based voucher program. Some of the key features of the new Flexible Voucher Program include greater PHA discretion in meeting local housing objectives, steady and predictable funding levels adjusted annually for inflation, and rewards for PHAs that are good managers

through performance-based incentives while holding PHAs accountable for poor performance.

The Flexible Voucher Program would simplify Federally mandated program requirements and avoid the “one size fits all” program design by providing local and State PHAs with greater administrative flexibility to meet the overall program objective of assisting low-income families to live in decent, safe, and sanitary private market housing. The Federal focus of the voucher program will be redirected to ensuring that low-income families are assisted in appropriate housing that meets housing quality standards. Instead of spending an inordinate amount of time attempting to comply with a myriad of Federal rules and objectives, PHAs will be able to streamline the subsidy design and implement local policies to meet local objectives.

As is current practice, the Flexible Voucher Program will be administered by existing PHAs. PHAs with overlapping jurisdictions and PHAs with small Section 8 programs are encouraged to consolidate or enter into cooperative arrangements to promote administrative efficiencies and accomplish cost savings. The Flexible Voucher Program would include administrative costs as part of the total grant. PHAs that are well managed and able to achieve administrative savings would be able to serve additional families. High performing PHAs that meet national objectives such as increasing the number of participants that graduate from voucher assistance and increasing homeownership would be eligible for a performance-based incentive bonus.

The Flexible Housing Voucher program will promote the concept that voucher assistance is a transition program for families in need and not a permanent institution for families. Voucher assistance is a scarce resource needed by many families but available only to some. In allocating such a resource, the federal government has an interest in seeing more people who are eligible have an opportunity to participate. PHAs are encouraged by this incentive to increase graduation rates so that more families have the opportunity to share in limited

housing assistance.

The Voluntary Graduation Incentive would be awarded to PHAs that exceed the baseline number of families that have graduated from the voucher program. Baselines would be established for housing authorities by various factors including size of the program. Awards would be made on a competitive basis and would be issued until funds are spent.

A Central Fund will be available for emergencies such as actual disasters and for unforeseen and validated market changes.

*Contract Renewals.* Contract renewals provide funding to renew expiring rental assistance contracts covering certificates, vouchers (including project-based vouchers), and moderate rehabilitation, Loan Management, New Construction/Substantial Rehabilitation, Property Disposition, and Preservation, and contracts authorized under Section 441 of the McKinney-Vento Homeless Act.

*PIH Tenant Protection Vouchers.*—The Flexible Voucher Program will continue to support families living in public and assisted housing units affected by changes in the status of the units. Income-eligible families who are affected by the demolition, disposition, revitalization or other capital improvements through no fault of their own, will continue to be eligible to receive relocation/replacement vouchers.

*Housing and CPD Moderate Rehabilitation SRO, Tenant Protection Vouchers.*—The Flexible Voucher Program will also continue supporting families in FHA-insured, privately owned assisted housing projects affected by changes in project status. It is intended that income-eligible families who, through no fault of their own, are affected by HUD's management of the multifamily inventory or owner's decision to prepay their mortgage or opt-out of project-based section 8 contracts, be aided through this program.